

State Department review completed

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NSC BRIEFING

4 March 1959

CLASSIFIED IN CLASS. 1

DATE 12-26-77

REVIEWED TO: TS

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ADDITIONAL

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REVIEWER: [REDACTED]

BOLIVIA

CONFIDENTIAL

25X1

I. Bolivian mob attacks on US Embassy in La Paz and on USIA office in provincial cities which began last Monday were sparked by an article in the Latin American edition of Time.\*

A. Monday night President Siles advised Americans to change residence and to evacuate chancery. Later said he uncertain that embassy could be defended.

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B.

[REDACTED]

Embassy personnel were evacuated to the outskirts of La Paz for better protection by Bolivian army.

C. Bolivian officials have asked the US for more tear gas. They apparently have little or none left and wish to be prepared for more trouble. US is supplying some from stocks in Peru.

II. Time confiscated by govt on 27 February but released on 28 February.

A. Direct mail subscriptions were getting through anyway.

III. Government may have expected that popular reaction would exert pressure on US in a dispute over Bolivia's financial policy.

A. Govt may also have welcomed chance to distract people from domestic problems.

B. In any event, govt probably did not expect extensive violence.

IV. US aid important to Bolivia.

A. Aid of about \$20,000,000 annually has made up about one fifth of the country's foreign exchange.

B. Shrinking markets for metals in US and Western Europe have acted against good effects of US program. (Metals country's chief exports.)

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\* Article quoting a US embassy official as jokingly proposing the partition of Bolivia.

- C. Govt making strong, and thus far successful, effort to protect Americans.
  - 1. At least 32 police already injured defending US embassy.
  - 2. Bolivia still too poor to pay its UN dues--has lost vote.
- D. 1959 prospects are favorable.
  - 1. Metal markets now beginning to recover.
  - 2. Recently admitted foreign oil companies may produce this year and supplement national company's production.
- V. US-Bolivian relations have deteriorated somewhat in recent months.
  - A. Communist-inspired campaign has persuaded many Bolivians that US wants national Bolivian oil company to fail. (Communist party numbers 5,000. There is also Trotskyite party of 2,500.)
    - 1. Neither public nor private credits for company available in US.
  - B. Bolivians resented US pressure last December to deny visas to Communist Chinese acrobats who had visited Uruguay, Brazil, Argentina.
  - C. US believes adherence to principles of free economy essential to economic stabilization.
    - 1. Recent US insistence that Bolivia unfreeze mine commissary prices has created further tension.
    - 2. Government does not believe it has military power to make and enforce such a decision in the mines since mines have strong militia of their own.